

**NSC BRIEFING**

**26 March 1958**

**INDONESIA**

- I. Dissident forces which attempted to seize Medan last week appear to have been dispersed with remnants retreating south into Tapanuli and north into Atjeh.**

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- III. Build up for overland attack on Bukittinggi and Padang has been unmistakable, and may now have been launched.**

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IV. In third dissident area, North Celebes, situation has remained quiet

V. In Djakarta, the 25 March demonstration in front of US Embassy denouncing SEATO and US was undoubtedly Commie-inspired, and more seen likely.

- A. Very real possibility commies may provoke anti-American incidents in hopes of embarrassing government and pushing Indonesia into even closer relations with bloc.
- B. PKI may feel it can take such action without revealing its hand and thus not risk gains it has made in past two years or jeopardize prospects of exploiting endemic economic and political problems in the future.

B. US Embassy informed that govt is drafting legislation calling for approval of \$20,000,000 loan from Communist China to finance purchase of emergency consumer goods and a textile factory.

VII. US air attache in Djakarta reliably informed that negotiations are far advanced for the purchase of 37 P-51's from <sup>Dominican</sup> ~~Panama~~ Republic (delivery through Panama).

A. Dominican Republic has been peddling these planes for some time.

B. Two patrol escorts from Italy due to arrive late April or early May.

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